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MARKETING & MEDIA DECISIONS

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DO MEDIA PLANNERS KNOW WHAT THEY'RE DOING?

The Real Story

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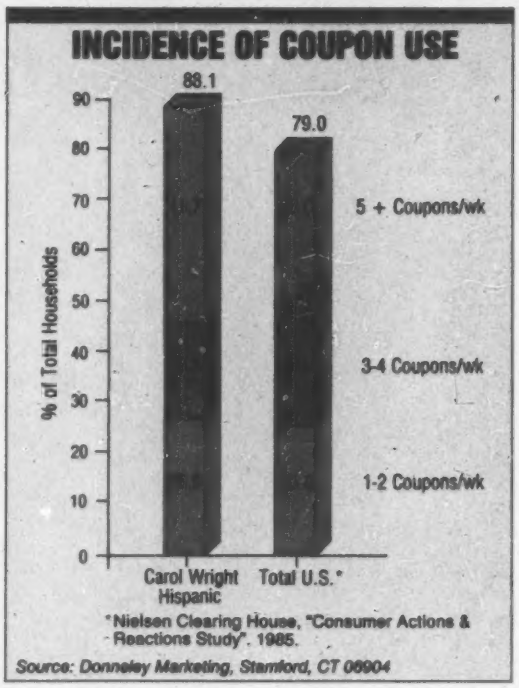
DIRECT MARKETING

by Rebecca Fannin

A CRAVING FOR COUPONS

In spite of widening media coverage of ways to reach the growing Hispanic market, the myth still prevails that Hispanics don't use coupons, or that when they do use coupons, it is only at neighborhood bodegas. So says Donnelley Marketing, which sells the Carol Wright Hispanic mail program and has recently completed a study showing Hispanics are indeed enthusiastic redeemers of coupons.



"Eighty-eight percent of Carol Wright Hispanic recipients use coupons, compared to 79% for our general population mailing," says Anthony Mercado, director of the program. "What's more, 84% use the coupons in supermarkets and 28% in drug stores."

Other findings include:

- More than 40% redeem five or more coupons each week. That compares with 25% of the total U.S.
- More than half (53%) of the Carol Wright Hispanic households use coupons at least once a week.
- Nearly half (47%) of the households state they are using more coupons this year than a year ago. Only 8% say they are using less.
- An overwhelming majority (87%) of the mailing recipients favor being on the postal list and wish to continue to receive future ensembles.
- 80% of the recipients recalled receiving the package and of those who recalled, almost 90% opened the envelope and went through its contents.

Donnelley further points out that the Hispanic market is growing six times faster than the general population and that by 1990, it will number 25 million. The Hispanic homemaker reportedly has a median household income of $23,200, and 79% have a family size of three or more persons. In addition, over 49% attended college and 26% graduated college.

ON BYPASSING THE POST OFFICE

It was a standing-room-only crowd that gathered for the first Alternative Delivery Symposium in New York City. This meeting of second- and third-class mailers (*not* obstetricians) was abuzz with talk of ways of bypassing the U.S. Postal Service and figuring out ways to encourage the USPS to control costs and improve efficiency.

Jonah Gitlitz, president of the Direct Marketing Assn., told mailers to examine the options available within private express statutes such as the exemptions for 24-page and larger catalogs as well as saturation mail. He also cited changes in the postal monopoly statues in several countries, which could serve as models for change in the USPS statutes. Gitlitz noted that Canada is now allowing advertising mail to be privately delivered and that New Zealand has privatized its postal office. The postal service there, he said, has been freed to compete in other business areas, such as printing and database management.

From the magazine front, Reginald Brack, Jr., president and CEO of Time Inc. suggested that USPS should offer contract rates to large mailers as is done in Europe. He recommended that mailers guarantee the postal service a specific volume in second, third and fourth class for a period of years.

While the session was meant to encourage a spirit of cooperation to work together to lower postal rates, the actuality is that tests to find ways to get around the hefty hike this year have been few and far between. The Quill Corp. has been running an experiment with private delivery in the Chicago area through United Delivery Systems, but the test is not yet finished.

Meanwhile, another option has emerged. Two of the Baby Bells, Nynex Corp. and Bell South Corp., are offering to deliver product samples, coupons, brochures and other promotional material with phone books in sealed plastic bags. The idea is a novel one in that it would offer coverage of a market while cutting direct mailers' costs as well as the phone company's own distribution bills. So far, however, there are no subscribers.

Nynex will test the system next year in Albany, N.Y., Worcester, Mass., Springfield, Mass., and Syracuse, N.Y. BellSouth's test will run next year in Daytona, Fla., as well as Pensacola.

BRAND REPORT

No. 156: Wristwatches

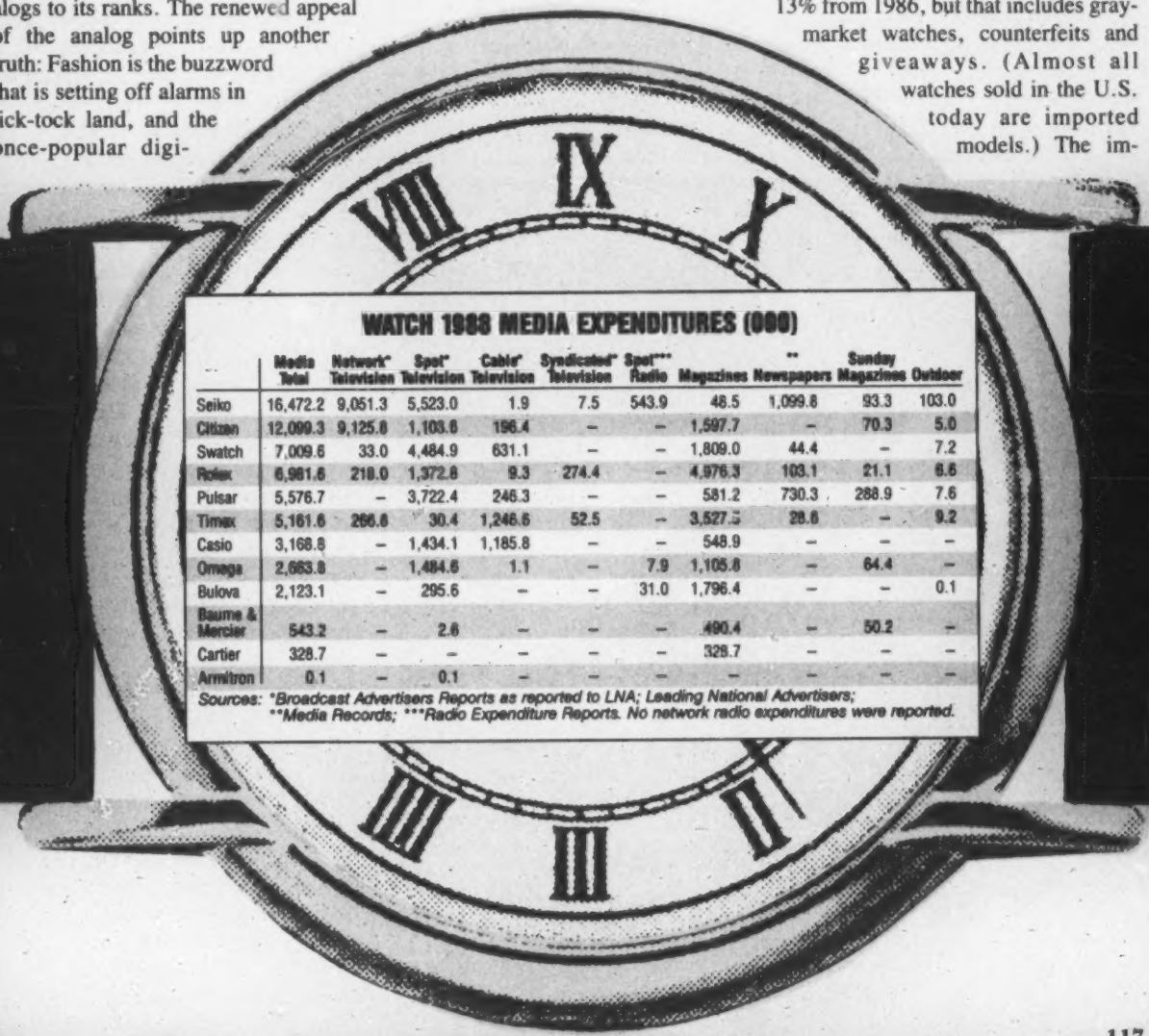
TICK TOCK

by Paula Schnorbus

There are two indisputable elements in the watch business. One is that the dial-faced analog watch is clocking out electronic display digitals with the old one-two punch, causing even Casio to add analogs to its ranks. The renewed appeal of the analog points up another truth: Fashion is the buzzword that is setting off alarms in tick-tock land, and the once-popular digitals just don't make it in the fashion-flair category.

It comes as no surprise that Hong Kong, a giant digital-watch maker, which exports the most digitals at about $1 a piece, is increasing its output of analogs, whose export price is 10 times as high, according to *Modern Jeweler*. Overall watch sales figures in the U.S. aren't available, but total U.S. watch imports were up last year, as tracked by the U.S. Commerce Department and reported by the American Watch Association. The association says that imports totalled 191.7 million units, up 13% from 1986, but that includes gray-market watches, counterfeits and giveaways. (Almost all watches sold in the U.S. today are imported models.) The im-

ILLUSTRATION BY GREG RADICH



WATCH 1988 MEDIA EXPENDITURES (000)

	Media Total	Network* Television	Spot* Television	Cable* Television	Syndicated* Television	Spot*** Radio	Magazines	** Newspapers	Sunday Magazines	Outdoor
Seiko	16,472.2	9,051.3	5,523.0	1.9	7.5	543.9	48.5	1,099.8	93.3	103.0
Citizen	12,099.3	9,125.6	1,103.6	196.4	–	–	1,597.7	–	70.3	5.0
Swatch	7,009.6	33.0	4,484.9	631.1	–	–	1,809.0	44.4	–	7.2
Rolex	6,981.6	218.0	1,372.8	9.3	274.4	–	4,976.3	103.1	21.1	6.6
Pulsar	5,576.7	–	3,722.4	246.3	–	–	581.2	730.3	288.9	7.6
Timex	5,161.6	266.6	30.4	1,246.6	52.5	–	3,527.5	28.6	–	9.2
Casio	3,168.8	–	1,434.1	1,185.8	–	–	548.9	–	–	–
Omega	2,663.8	–	1,484.6	1.1	–	7.9	1,105.6	–	64.4	–
Bulova	2,123.1	–	295.6	–	–	31.0	1,796.4	–	–	0.1
Baume & Mercier	543.2	–	2.6	–	–	–	490.4	–	50.2	–
Cartier	328.7	–	–	–	–	–	328.7	–	–	–
Armitron	0.1	–	0.1	–	–	–	–	–	–	–

*Sources: *Broadcast Advertisers Reports as reported to LNA; Leading National Advertisers; **Media Records; ***Radio Expenditure Reports. No network radio expenditures were reported.*

port value rose almost 11% to nearly $1.3 billion.

Watch marketers like to tell us that retail sales are up because watches have become lifestyle statements rather than functional necessities. Certainly, companies are spending millions to promote the idea of owning numerous watch styles. The sales figures remain a mystery, though, because many watch companies are private or don't break out individual brand sales. But as one skeptical jewelry trade magazine editor puts it, "The U.S. watch market is probably a mature one. It's only expanding with the population."

Still, time has certainly been flying in the watch business. It was just 21 years ago that quartz was introduced into watch workings by the Swiss and quickly perfected by the Japanese. Quartz watches, which just need a battery to run, kicked the hand-wound mechanicals by the wayside. Then digital watches, which flash the time in numerals, displaced the dial and time-telling hands of the traditional analog models. Then lo and behold — Swatch came along in 1983 and turned the business upside down. Not only did the hands of time regain popularity — Swatch watches are all battery-operated analogs — but so did multi-colors and multi-ownership. Wearing several simultaneously became hip.

In five years, the Swatch watch that debuted at $19.95 has sent the industry scrambling. Fashion is what now makes the watch biz go and even Timex, which "takes a lickin' and keeps on tickin'," has swapped durability for design as its number-one priority.

Meanwhile, top-of-the-line luxe models have altered their marketing strategies to woo yuppie types into jewelry stores. Baume & Mercier, for example, has come out with less expensive watches, meaning $2,000 to $4,000 as opposed to $5,000 to $10,000. Cartier may call advertising an "accessory," but lately it has even bought space in *Elle*. North American Watch Co., distributor of luxury brands such as Piaget and Concord, now also markets Movado, which has a lower-priced line for status-seeking baby-boomers. And on the other wrist, mid-priced Citizen has moved upscale with its "Noblia" collection.

Watch faces now have more subdials than a submarine to greatly expand a watch's time-telling function. Want high fashion? Get high technology.

So take a look at your wristwatch. Is it a status symbol? Is it a fashion accessory? Is it a lifestyle statement? Can it be — just a wristwatch? Yes! It can be all that and more, say marketers.

The latest fashion trend is the retro, or antique, look. This may mean a simple analog with Arabic numbers on the dial and a honey-colored leather strap. It can also mean that there are more subdials than a submarine's control panel. You want high fashion? Get high technology. In an abbreviated list, there are moon phase indicators, tachymeters, stopwatches, alarms, day-and-date subdials and dials to tell the time around the world. This is just on an analog watch. Casio likes to think of its digital watches as minicomputers. They boast data banks, calculators, auto telephone dialing and currency conversion. As many bells and whistles on one watch as a manufacturer can muster may be the ultimate, but that may not be what the masses will ante up for. Indeed, according to Mediamark Research Inc.'s spring 1988 data, most watch buyers are 18-to-34-year-old, single, with a little above average income and they spend under $50 on a timepiece.

In that category, Hong Kong digitals for a couple of bucks are big, but Timex still leads the way. Swatch may have been the industry catalyst, even getting Timex to come out with a "Watercolors" collection, but the Swiss-based concern has had its share of man-

EVERY QUITTER IS A WINNER.
The Great American Smokeout. Nov. 17.
AMERICAN CANCER SOCIETY

agement problems. The company recently brought back Max Imgruth, its former president, as head of worldwide marketing and Steve Rechtenshaffner as vice president of advertising and promotion.

Actually, digitals aren't totally dead yet, but they have been relegated to a sports-watch niche. Coming up is a battery-less watch, brought to you by Seiko, among others. And believe it or not, hand-wound watches may be making a comeback, however slight, with the revival of antique watches.

Packaged Facts Inc., a New York-based research company, reported last year that the wristwatch market is divided into three segments. There are the mass market models, which list for under $75 at retail. This is where the real action is. These timepieces rack up a whopping 72% of the market. The mid-market segment spans from a $75 to $300 ticket and holds 22% of the market's business. Luxury watches, defined as costing over $300, make up a mere 6% of the market.

In mass-market sales, Timex had an approximate 40% market share; Casio and Swatch were both estimated at 10% to 15%; and Gluck, which makes Armitron, had a 10% share.

Mid- and luxury-price market shares are often lumped together by company rather than brands within the company. Industry experts believe, however, that Seiko and Pulsar, both part of Hattori Seiko, as well as Citizen and Bulova are the mid-price mainstays. Luxury leaders are Rolex, Baume & Mercier, Cartier and Omega.

MASS MARKET

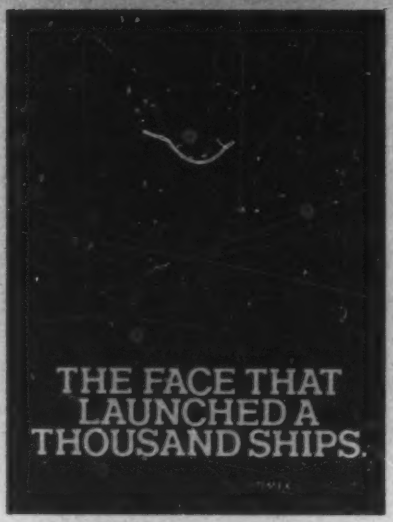
Timex

The watch that "takes a lickin' and keeps on tickin' " is now fashion conscious. Design is Timex's "number-one priority," as the push is on to capture the watch-as-fashion-accessory market. In new tv spots, Timex even spoofs the old John Cameron Swayze torture-test commercials.

Swatch's style spurred Timex to issue fashion collections such as "Watercolors" for teenage girls. There is the fancier "Doubles" collection, women's watches with straps that wrap around the wrist twice, which Timex hopes to hawk through upscale retailers. There are also digital sport watches for everything from sail racing to skiing. There are, in fact, some 250 watches with the Timex name, and 15% are digital.

Dave Rahilly, vice president of U.S. marketing and sales, recalls, "I came to Timex in 1977 to a newly established marketing department. They were debating a year after my arrival about a black plastic watch by Casio which was a success in the U.S. market. Obviously there was a segment there and an enormous opportunity that was foregone by Timex."

In 1982, says Rahilly, Timex started the introduction of "unique products" such as the sport watches. "There was some catch-up but also some go-ahead pieces such as the Victory yachting watch, which has a special countdown timing feature," boasts Rahilly. That watch is $75, but the line's price range

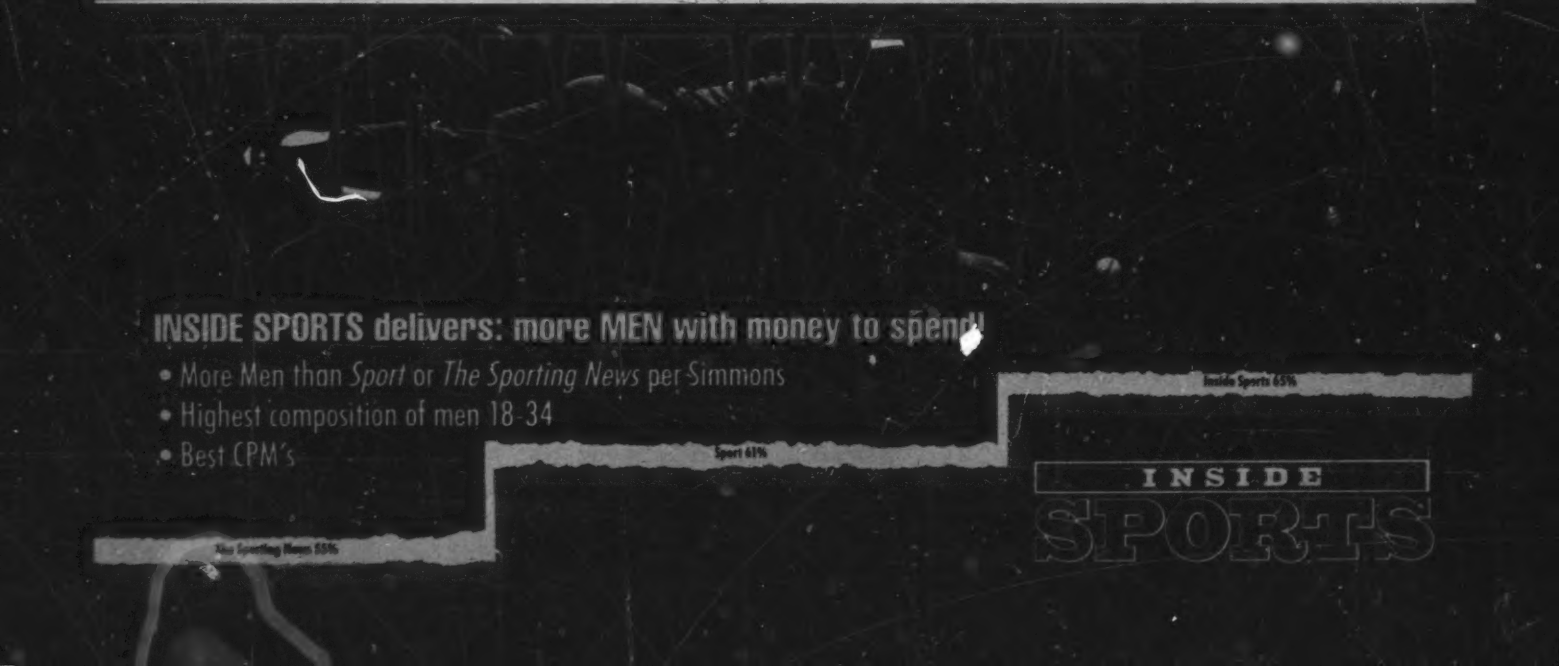


Design is Timex's first priority.

is generally between $9.95 and $69.95. By 1983, Swatch was on the horizon with its revolutionary positioning, and Timex eventually trotted out its own fashion-hued collection.

Timex is sold primarily by mass merchandisers, catalog showrooms, drugstores and, to a lesser extent, department stores. With the new sport watches, specialty stores will become another option, such as ski shops for the Skiathlon.

Tv had always been the main medium, but with Timex watches growing more complex, 50% of the media budget has been in print for the past few years. The schedule is varied and includes *Popular Science*, *Omni*, *GQ*, *Glamour* and *Sail*. For the past three years, 800-numbers have appeared in ads to provide store information to cus-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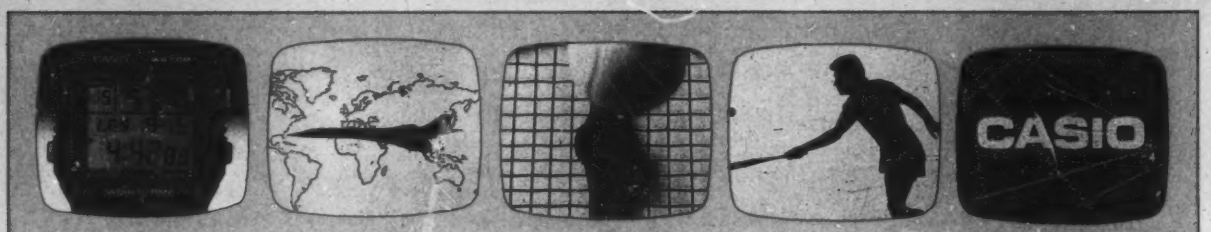


Casio wristwatches boast world time and telephone dialing.

tomers and also customer information to Timex.

There are three 30-second tv spots that feature some of the better watches. The spots will appear on cable and prime time mostly during this fourth quarter, which is when Timex does most of its business and subsequently spends most of its advertising budget. The dollars have increased 10% this year, according to Rahilly, who says historically the budget has been $15 million to $20 million. Fallon McElligott is the agency.

Casio

With analog watches ruling the market, Casio has been expanding its collection to include watch faces other than digital. But that doesn't mean digitals are leaving Casio's line of more than 100 watches. Says company spokesperson, Gary E. Johnson, "Analogs will give people a choice."

Casio's target is primarily high-technology-oriented males and sportspeople. Prices range from as low as $6.95 to $150.

The media mix includes a 30- and 60-second tv commercials, appearing on cable stations such as ESPN, Lifetime and CNN and also spot tv. It targets mostly 18- to 34-year-old men and as more of an afterthought, women.

Three print ads are in books such as *Self, Runners World, Walking, Outside, Penthouse, Travel & Leisure, Inc.* and in-flight airline magazines.

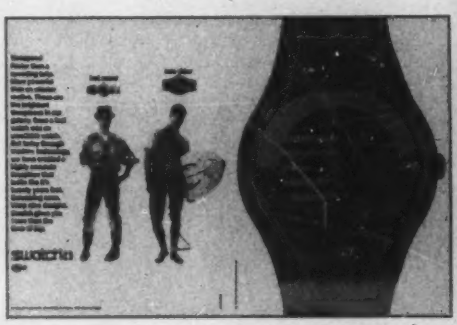
Casio sponsors the Olympic Regional Development Authority and "tons and tons" of fun runs, races and marathons. Casio is also the official timekeeper for the New York Yankees.

Johnson says Casio's overall advertising budget is about $12 million. Doremus & Co. is the agency.

Swatch

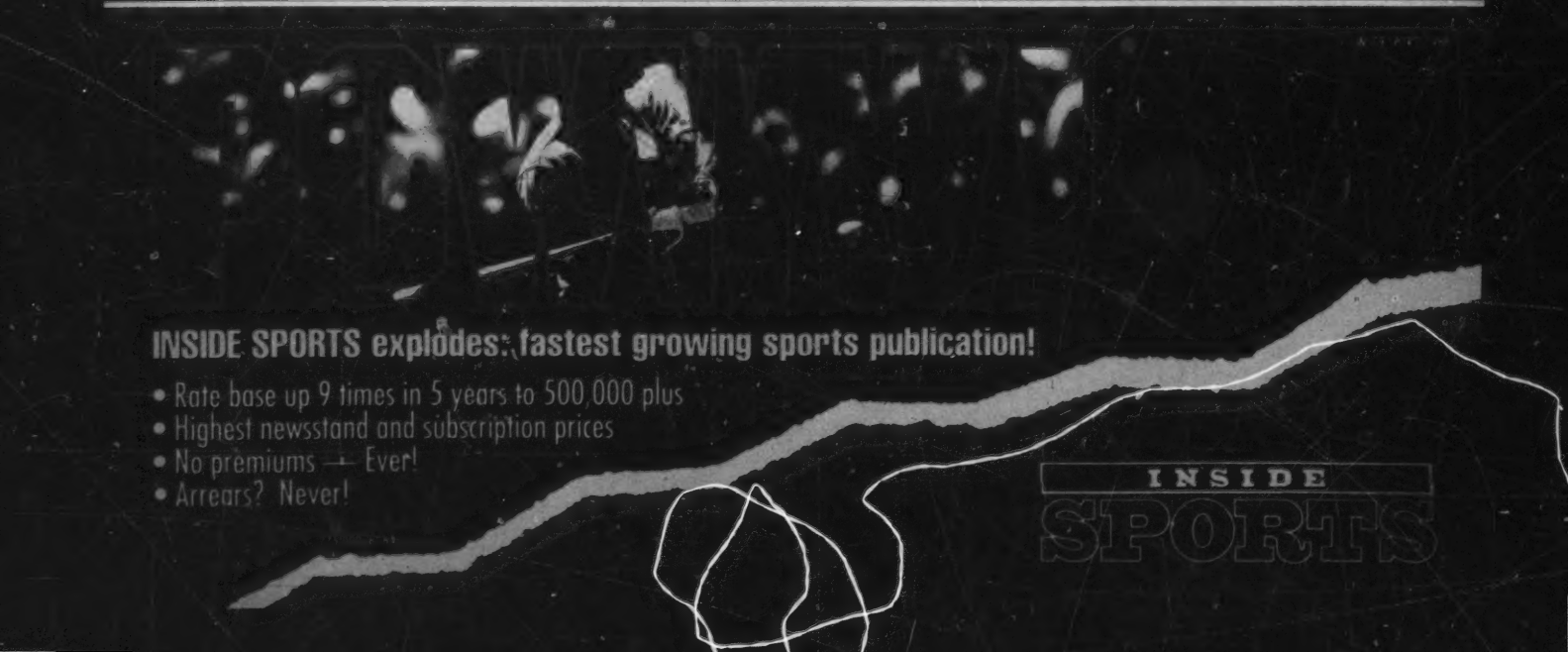
The company that set off the alarms in the industry, signaling the coming of fun fashion watches, was actually founded on a technological concept. Swatch, says its makers, has fewer parts than a standard watch and they are welded together.

Swatch watches, which often look like anything but timepieces with their multicolored bands and dials, all have themes, such as "Love Field," which recalls early civil aviation. Steve Rechtenshaffner, who just returned to Swatch as its vice president of advertising and promotion, claims that



Swatch watches turned the industry counterclockwise.

Swatches target more of a psychographic than a demographic. ("My cat wears one, actually two . . . My grandmother likes the Pop Swatch because it is easier to tell the time.") Rechtenshaffner, who left the company because he thought it was becoming too traditional, says Swatch wearers live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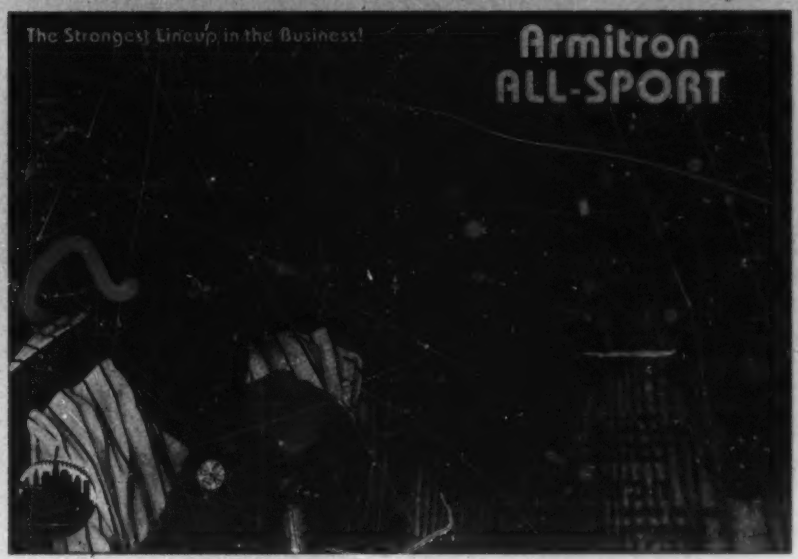
life to the fullest.

Swatch, which coined the concept of multi-watch buying and wearing, has about 246 styles currently, all analog. The company sold them for $19.95 in their debut year of 1983. Five years later, most of the watches carry a $35 tag.

Swatch has been known to set up its own separate counters in department stores and specialty stores. You won't find this mass market watch in a drug-store or at a mass merchandiser.

Advertising and marketing is done in-house, and Rechtenshaffner will only say that Swatch spends more than $10 million yearly. He also says their media plan reflects that the company is spending more on fewer vehicles. There are three 30-second tv spots running and eight print ads. The commercials are on MTV and Nickelodeon and also in spot tv. Ads appear in *Seventeen, Elle, Vanity Fair, Premiere* and *Rolling Stone*. Vertical publications include skateboard and snowboard publications.



The Mets' Gary Carter pitches Armitron watches.

Armitron

If Casio keeps time for the Yankees, Armitron does it for the New York Mets. And Mets catcher Gary Carter pitches Armitron All-Sport watches.

Owned by E. Gluck Corp., Armitron markets a myriad collection, ranging from prices of under $10 for a kid's watch to $225 for a grown-up's diamond watch. There also is a Swatch knock-off called Awatch.

Armitron's advertising is extensively co-operative. If they want to reach the young, female, fashion-conscious market, full-page ads with J.C. Penney, for example, will appear in *Seventeen*. Children's watches will be advertised on a co-operative basis at Christmas. The All-Sport is advertised in *Sports Illustrated, People, GQ* and *Money*. There will also be 30- and 60-second radio spots.

Armitron's advertising is mainly done in-house. The ad budget is from $3 million to $5 million a year. The company doesn't advertise on tv per se, but does do promotional considerations on tv with specific products. "It's an open [media budget] because it's so dominated by the co-operative approach," says Dikowitz. "If we feel we need it, we spend it."

MID-PRICE

Seiko

Seiko, which rules the mid-price range, came up with a new marketing tool two years ago to define its style. Four collections were developed to segment Seiko's 450 watches. The collections are divided into jewelry, status/sport ("a little more macho"), gentry ("for gentrified") and boardroom, according to Hal Wilensky, executive vice president of Seiko Time Corp. "Lifestyles have become very important," he explains.

Calling it a "mass class" brand, Wilensky says Seiko reaches just about all demographics. The average retail price is $210, but the range for a watch

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is from $75 to $450.

Each of the four collections gets its own creative. However, a 60-second tv commercial, Seiko's first with the longer length, merges all four in a lifestyle execution. There are also two :30s. The spots will run through Christmas. Network tv will be used with *60 Minutes*, the World Series and *The Cosby Show*, and those on spot tv will have taglines for retailer identification.

Radio is used on a co-op basis with retailers. Seiko is sold through jewelry and department stores and catalog showrooms. A generic ad runs in magazines such as the *New Yorker*, *Vanity Fair*, *Elle* and *Playbill*.

With newspapers, there is a scatter plan where selected customers may run five ads in the same newspaper. For example, the first section of the paper may have an ad for the boardroom collection, the sports pages may have the status/sport watches and the business section may have another boardroom ad. There is also a 10% discount program for retailers. AC&R/DHB & Bess is the agency. About $25 million is spent on advertising, says Wilensky.

"Hanimals" hawk Citizen's upscale Noblia watches.

Citizen

This mid-priced watch company has been trying to move uptown with its Noblia collection, priced from $195 up to nearly $1,000. Noblia has come roaring in with its "Hanimal" advertising campaign by Lintas. The distinctive ads feature the wristwatches as animal collars on hands painted to resemble panthers, alligators and race horses. The ads run in high-fashion magazines.

There are also outdoor ads, including one billboard of an 80-foot zebra. In addition to the Hanimals, the Noblia-Spirit line will get a new 30-second tv spot and print campaign. The watches are pitched to those 25 and older with an annual household income of $40,000 and over.

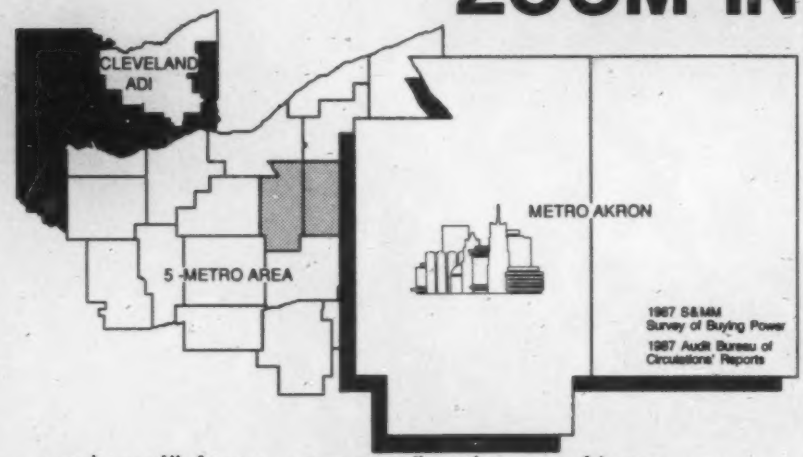
Laurence R. Grunstein, president of Citizen Watch Co. of America, says there are three product lines to go after the different demographic and psychographic markets. The basic $59-to-$195 Citizen is for middle America; the $100-to-$195 Elegance line "has the look of being much more expensive for people who can't afford the real thing"; and the more uptown Noblia goes after "the 5% of the American population that can afford a watch in that price range."

Citizen watches are supported by a $26 million ad campaign, $6 million of which goes into Noblia. All three watch collections are sponsors of ABC's *Monday Night Football*, *NFL on CBS* and *AFC on NBC*. Citizen and Citizen Elegance are appearing on evening news shows on all three networks.

Citizen Elegance has its own 30-second commercial by Levine, Huntley, Schmidt & Beaver.

But it's not just advertising at Citizen. The company gave away 10 Su-

ZOOM IN



...and you'll focus your media plan on Akron.

If you take a closer look at the Cleveland ADI, you'll discover 66% of the region's population exists in only **two** of the ADI's five metropolitan areas...Cleveland and Akron.

Although Cleveland-based stations account for most of broadcasts' share in Akron, print advertising in the Plain Dealer misses nine in 10 adults in the Akron metro.

Adding the Akron Beacon Journal to your Cleveland advertising plan will help your message reach nearly half a million more adult consumers!

If you have existing or potential customers in the greater Cleveland area, the Akron Beacon Journal will put *zoom* in your media plan.

Represented nationally by Knight-Ridder Newspaper Sales

Akron Beacon Journal

1987 Pulitzer Prize-winner for General Reporting
44 East Exchange Street, Akron, Ohio 44328 (216) 375-8570

baru cars (also a LHS&B client) in a joint promotion with the May Co. recently. There is also some business with the Sharper Image catalog, but "we have to be careful with direct marketing so there isn't direct competition with retailers," warns Grunstein.

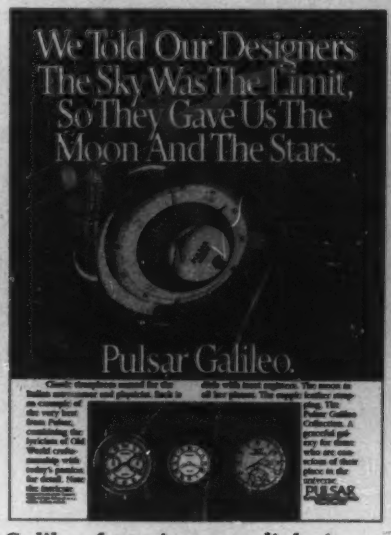
Pulsar

Pulsar "tosses the net far and wide" to attract "as many people as we possibly can," says Jonathan Nettelfield, senior general manager, advertising, for Pulsar Time. The demographic is broad, targeting 25-to-49 year olds with annual incomes of $30,000 and above.

Galileo is Pulsar's premier collection, with the "moondials and subwheels that are really a fashion look," says Nettelfield. Pulsar, which has 450 models, starts at $50 for a digital or a very basic analog watch and goes up to about $225 for one with diamonds. The watches are sold in jewelry and department stores as well as jewelry chains and some catalog showrooms.

The Pulsar collections aren't advertised separately, however. "We need to push the Pulsar name," says Nettelfield. "We will use fashion collections to represent Pulsar, but we won't advertise for the sake of a collection. It would fragment the budget too much." For example, the Galileo collection would be used in print ads that appear in magazines such as *People* and *Newsweek*.

"Our philosophy is to reach the maximum amount of people," tells Nettelfield. "The temptation is to go into fashion books, but we wouldn't be reaching the amount of people we need. He adds that in the past, Pulsar has been in *Vogue*, *Vanity Fair* and *Playboy*. Pulsar also runs an insert in Sunday newspapers.



Galileo, featuring moondials, is Pulsar's premier collection.

Most of the ad dollars go into tv, he says. Pulsar's 30-second tv spot has been in "more upscale feminine programing" like *Cagney & Lacey*, rather than soap operas. There is a concern about quality programing, and Pulsar is seen on news, fringe and prime-access shows. "Even if we don't buy as efficiently, we're concerned about quality," says Nettelfield, who will admit to around $10 million for the overall ad budget.

Bulova

And now it's Bulova watch time, or as it's current tagline goes, "It's America's Time." And as one might expect, that translates into an emotional, tra-

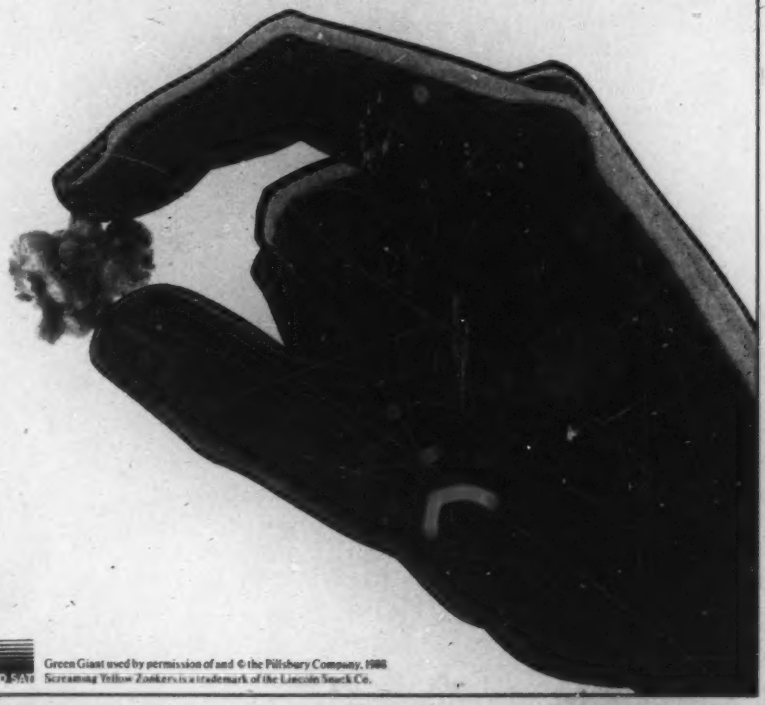
Even a Green Giant and a Yellow Zonker can advertise in Providence.

From soup to nuts, our new flexographic technology can reproduce some of the sharpest color ROP ads in the country. And our household penetration is the best of any newspaper in the total market area.

If you have a buy that's screaming for color, give Bill Peckham a holler at (401) 277-7172.

The Providence Journal-Bulletin

Represented nationally by Cresmer, Woodward, O'Mara & Ormsbee, Inc.



Green Giant used by permission of and © the Pillsbury Company, 1988
Screaming Yellow Zonker is a trademark of the Lincoln Snack Co.

ditional advertising pitch.

The ads depict a special, nostalgic event taking place in a person's life. Bulova, an official supplier to the Olympic team, had two ads of Olympic gold medalists during the Winter Games. The same approach was used in Seoul for the Summer Olympics.

Bulova print ads are in *Time*, *People* and *Sports Illustrated*, all owned by Time Inc. Other magazines are used through a co-op program with retailers.

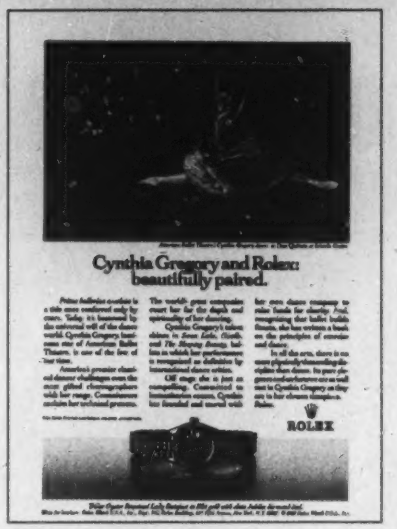
Robert Ryan, vice president of marketing, says that the target audience is 18 to 45, but the psychographic is shifting. Bulova's older, blue-collar audience, with its traditional American values, is still intact. However, Bulova is upgrading the image in search of a broader, younger audience by bringing more of a sense of style and design to its watches, explains Ryan.

The majority of Bulova's watches are in the $100-to-$300 price range. There are two 30-second spots running at any given time. To catch the working couple or working single, they appear on early and late news or right after prime and prime access. The commercials run on prime time through occasional spot buys.

Sunday magazines are used as well as *USA Today*. Bulova appears in J.C. Penney and other department store supplements and bill statements.

Ryan puts the ad budget at more than $10 million, including co-op and some of the promotions. McCaffery & Ratner is the agency.

Bulova has an emotional, traditional pitch.



Rolex goes after an "attitudinal" demographic.

LUXURY

Rolex

The Rolls Royce of wristwatches, Rolex, gave us the first water-resistant watch in the 1920s and in 1931, the first self-winding watch activated by the "slightest movement of the wrist." Prices range from a little over $1,000 from a simple model to more than six figures for a fully-loaded timekeeper. But William Sullivan, vice president, advertising, Rolex Watch U.S.A., says that while there is "obviously a level of affluence required, I would rather say it's an attitudinal demographic . . . who want to wear a watch that is both durable and has a promised performance."

Rolex makes three lines of watches: Tudor, which has a lower price range, the Cellini line of 18-karat gold watches and the Oyster, Rolex's pressure proof, or water-resistant, watch. Oyster serves as Rolex's sports watch.

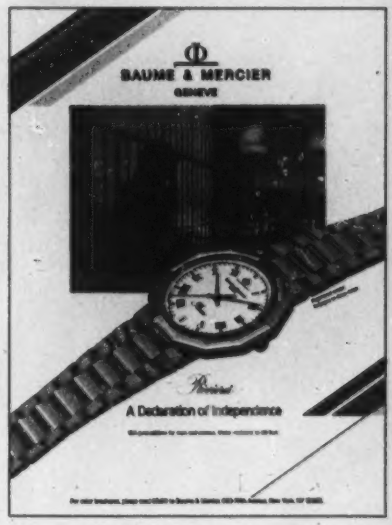
Rolex advertises mainly in magazines, including *Inc.*, *Elle*, *The Economist*, *Yachting*, *Arts & Antiques* and the newsweeklies, according to LNA. Personalities such as intellectual, literary, musical or sports figures pitch the products. "The ads stress the quality of the individual and the relevance of the watch to that individual's lifestyle," explains Sullivan. Tv is only used for sponsorships. Rolex is involved in sporting activities, such as golf, tennis, polo and yachting.

Sullivan wouldn't comment on the ad budget, but LNA reports that last year, Rolex Watch Co. spent $6.6 million on advertising.

Baume & Mercier

Baume & Mercier has been trying to reposition itself to the two-income household. Like everyone else, they want to attract 30-to-45 year-old boomers with plenty of disposable income. B&M wants those who are "status oriented," relates Steven Kaiser, director of sales and marketing. But, he admits, "We may have to go after an older audience. Younger people only have so much money to spend on luxury items."

The watch company has three core collections. Riviera, a sport watch line started late in 1986, is the collection designed to appeal to the younger crowd. Price points are from $2,200 to



Baume & Mercier wants those who are "status-oriented."

$4,200. The collection for the older generation is the 18-karat, with $5,000 to $10,000 watches. "That one is a good growth area for us," says Kaiser. "Those who got hurt in the October market crash are the $2,000 to $4,000 buyers." A 14-karat line consists of diamond and non-diamond watches that fetch $1,000 to $5,000.

Baume & Mercier only advertises its Riviera and 18-karat lines. It strongly believes in image advertising, which can be seen mainly in the fashion books, but also *Architectural Digest*, *Texas Monthly* and *Los Angeles* mag-

Cartier is expanding to a younger audience.

azine to reach other markets. Co-op tv and radio are used, and in rural markets, Baume & Mercier has found that billboards can be very effective. More than $3 million is spent on advertising and promotions.

Cartier

Cartier, which takes credit for inventing the modern wristwatch, also has been expanding its horizons and distributes its products outside of the Cartier boutiques. "More and more people have been developing a taste for luxury," says Thierry Chaunu, vice president, marketing.

The Must Vermeil collection, which debuted in 1968, has the widest distribution of Cartier's 316 watches. There are also historical collections, "high jewelry" watches, the 18-karat Louis Cartier collection, the Pasha watch ("the ultimate watch, very big and extremely complicated"), the Panther, the Santos and the 21, the last three of which are the steel and gold segment.

The Must products are distributed everywhere from duty-free shops to Macy's in New York, where they are currently being test-marketed. The watches start at $895 and are geared to young professionals starting out in life. The 21, Santos and Panther collections also start at $895 but a Panther with a diamond bezel goes for $116,000.

And Cartier's advertising? "It's an accessory," says Chaunu. "Cartier is built more on reputation. Cartier isn't a brand that's developed out of advertising." When ads do appear, they are "always" in *Town & Country* and *Connoisseur*, and now even in *Elle*. "We will not just remain with the pillars of our business but try to expand to a younger audience," explains Chaunu. Ads also are in local newspapers. The ads are done in-house, and Chaunu will only say the ad budget is in the "millions of dollars."

Omega's ads emphasize achievement and ambition.

Omega

Omega shot clear to the moon with Neil Armstrong in 1969, and the watch company continues to reach for the stars with its Constellation, Seamaster and Symbole collections.

The company has been concentrating on those three recently as it cuts back on its profusion of brands. Janet Cerutti, Omega's marketing service director, says the strategy is to link with more "brand identifiable products."

The Constellation and the Seamaster each have about 15 designs, and the Symbole, introduced last spring, has two. Prices range from $500 to $2,500, but it is possible to spend $37,000 if one so desires. The watches basically are 18-karat gold and/or stainless steel with a choice of onyx, lapis or mother-of-pearl dials, diamonds and other stones as the price climbs. The Constellation is dressier, while the Seamaster is more recreational. The Symbole's dial designs sport life symbols such as the sun.

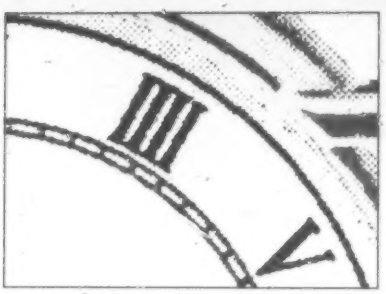
Omega only sells its watches through retail jewelers and a few select department stores, aiming toward 25- to 44-year-old college-educated, business-oriented types with annual income of $55,000 and more. This is clarified in a two-year-old advertising campaign, "Significant Moments," which emphasizes achievement, ambition and perseverance in the lifestyles of professional people.

Calvillo Shevack & Partners is the agency. LNA estimates that Omega spent $2.2 million last year in ad expenditures.

Throughout the prime selling seasons of May to June and November to December, use of cable, prime-time and spot news tv ads have been very successful for Omega, adds Cerutti. The stable, year 'round contribution comes from magazine ads in national publications such as *Vanity Fair*, *Vogue* and *GQ*. Omega also is involved with sports marketing, such as the AT&T tennis challenge. The watch company also has been the official timekeeper of the last 20 Olympic Games. ■

Additional reporting contributed by Cindy Yannaghas.

PUT ABILITY IN DISABILITY
Support Easter Seals

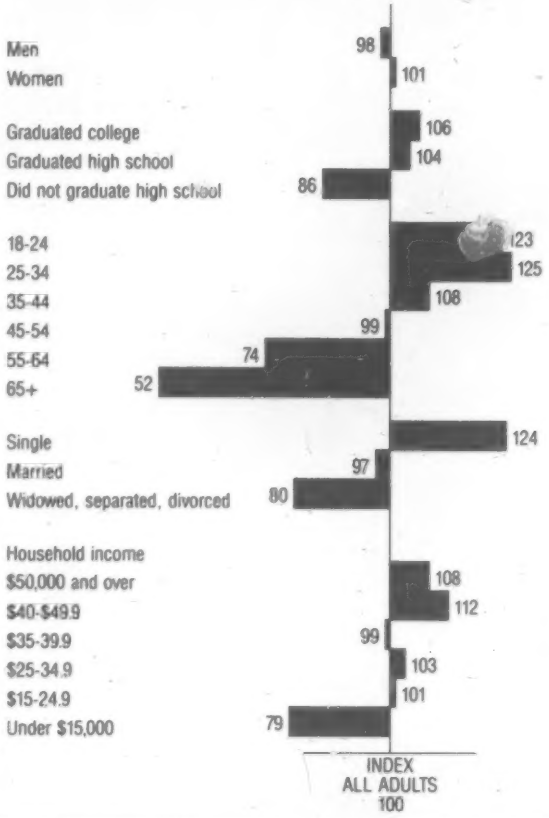


BRAND REPORT INDEX

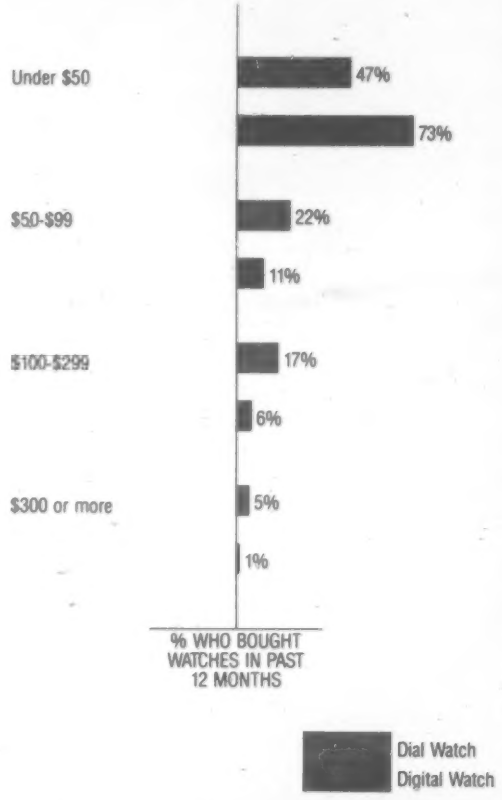
WRISTWATCHES

How to read: Our indices of user demographics and media preferences are used to indicate the direction and amount of difference from the average. The index of the average is, by definition, 100. Thus, an index of 112 reflects a 12% above-average incidence. An index of 89 indicates an 11% below-average incidence.

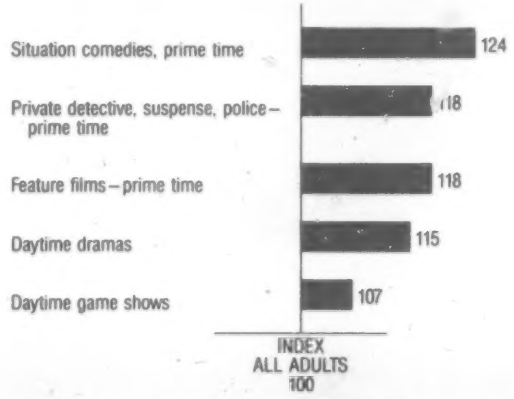
KEY DEMOGRAPHICS: WATCH BUYERS



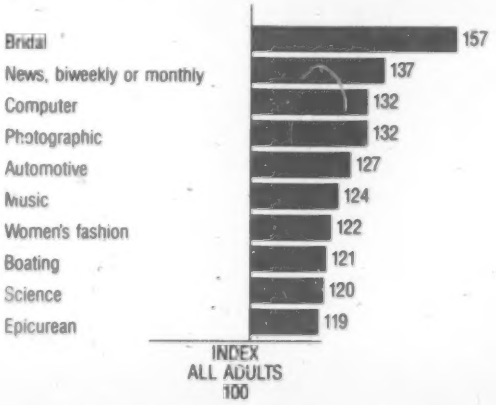
AMOUNT SPENT ON WATCHES



TV WATCHING: WATCH BUYERS



MAGAZINE READING: WATCH BUYERS



Source: Mediamark Research Spring 1988

POINT/COUNTERPOINT/

FOR ONE OR FOR ALL?

ONE PRODUCT, ONE CAMPAIGN

Carillon Importers and TBWA Advertising feel that a single general advertising campaign is the perfect format for Absolut Vodka's advertising message. With a strong general campaign, the marketer puts all of his resources behind a single message — his efforts are not diluted among various "fringe campaigns." The consumer, in turn, sees a consistent advertising message, regardless of the geographic or editorial context. The same ad that launched Absolut Vodka in 1981 is running today, and each one of our 40 executions follows the same format.

Our target consumer is an intelligent, sophisticated, fast-tracked individual. When our media department is choosing between various media options, they look beyond the surface demographics. Our advertising must appeal to these special people — whoever they might be. We will not run special ethnic campaigns to appeal to the Black, Hispanic and Asian elite. Our advertising speaks to all sophisticated people regardless of their ethnic background.

Absolut Vodka is the number-one imported vodka across America. We realize that there may be concentrations of demographic groups living in specific geographic areas, but these people are not alone, nor are they fenced in. People cross geographic and demographic "boundaries" daily, and are bound to be exposed to these "fringe" campaigns. Oftentimes, the special ethnic campaigns are obvious revisions designed to appeal to certain markets. An ad might feature the same graphic layout with Black, Hispanic or Asian models inserted to suit each market. The intelligent consumer might view the effort as patronizing.

Given the fierce competition in the distilled-spirits industry, there might be some temptation to create special ethnic campaigns to penetrate new markets. Absolut has made a practice of being an early advertiser in media that appeal to specific markets. Absolut runs in various art publications, advertising trade media as well as in special targeted outdoor media, such as Manhattans' Wheeler 3-D trucks. We expect the same innovation from our media department as we do from our creative department.

Absolut Vodka realizes that certain geographic locales are vital to our 40%+ growth rate. We choose to increase advertising in these markets to address the larger volume and volume potential, but we rarely tailor magazine ads to geographic locations. We created "Absolut L.A." which featured an Absolut Vodka bottle-shaped swimming pool, but we ran it in California, New York and several national magazines. Intelligent, worldly people will appreciate "Absolut L.A." regardless of their geographic location.

Throughout the Absolut campaign's growth, we have maintained its uniform, powerful graphic format. The purchase response from consumers has been enthusiastic (200% growth in eight years.) The advertising community has also rewarded our efforts (45 awards in the last two years).

Perhaps one of the most encouraging supports for the general campaign philosophy is the tremendous response it has received worldwide. Absolut Vodka ads are currently running in several countries throughout the world, appealing to intelligent consumers of different nationalities.

The popularity of the campaign and the brand bolster our belief in the single-campaign philosophy. We will continue to build upon it to strive for "Absolut Perfection."

N. Page Murray, III, is an account executive at Absolut's agency of record, TBWA Advertising/New York.

OUR READERS TELL US. . .

In this poll, conducted by Research U.S.A, Chicago, response was unusually low. Still, over 64% of the respondents who target minorities have, over the past five years, increased their budget directed to minority marketing.

1. Do you target minorities in any your advertising? (Base = 75)

Yes	
No	5[illegible]

If "yes," please answer the remainder of the questions. (Base = 34.)

2. What has happened to your share of budget earmarked to minority marketing over the past five years?

It has increased	64.7%
It has decreased	2.9%
It has remained the same	32.4%

3. Which minorities are you targeting? (Check all that apply.)

Blacks	67.6%
Hispanics	79.4%
[illegible]ians	23.5%
[illegible]	2.9%

[illegible]t percentage of your ad budget [illegible] to minority marketing?

5% or less	47.1%
6% to 10%	20.6%
11% to 15%	14.7%
16% to 20%	0
21% to 25%	0

POLL

SPECIAL MARKETS, SPECIAL EFFORTS

The most important key to marketing success can be expressed in a single word — relevance. If your product and your marketing efforts are relevant to your target, sales are almost sure to follow.

That's why R.J. Reynolds Tobacco USA firmly believes in the value of special efforts for special markets. Through special efforts, we can more effectively and better reach competitive smokers within our targets.

Until the mid-1950s, smokers were a fairly homogeneous group, with a handful of cigarette brands and styles satisfying the vast majority of smokers. But today there are some 300 cigarette brand-styles on the American market, catering to a wide variety of consumer subgroups with unique product desire and perceptions.

For some of these groups, the most relevant approach is to develop a special product that addresses that group's desires. For instance, Vantage cigarettes — and the marketing efforts that support them — are targeted toward smokers who prefer full-flavor, low-tar cigarettes.

Other groups' desires are best satisfied by special efforts to market specific styles of general-market products. Our efforts toward Black and Hispanic smokers fall into this category.

Reynolds Tobacco has made a special effort to reach Black smokers since the early 1960s. We've had special efforts for Hispanics since the early '70s. The reason is simple: Consumer research has long shown that these two groups do not share all of the same desires and perceptions as the general market. And the geographic concentrations of these groups let us effectively reach them with specialized, out-of-home and point-of-sale executions.

Where menthol smokers make up only 29% of the general market, almost 70% of Black smokers choose a menthol brand. That's why special advertising and promotions for Salem cigarettes make a lot of sense in Black media and Black communities.

Hispanic consumers show a marked preference for full-flavor styles of well-established, big-name brands in a variety of product categories, including cigarettes, soft drinks and beer. Hispanic smokers also show a preference for cigarettes in crush-proof boxes. Special executions of Winston and Camel ads, featuring box styles and Hispanic models, greatly increase the ads relevance and effectiveness.

We further increase our effectiveness by catering to the unique merchandising requirements in Black and Hispanic retail outlets. Retail stores in Black and Hispanic neighborhoods tend to be smaller and to carry fewer cigarette brands than those in other neighborhoods. So we tailor our efforts to meet these special needs by providing smaller displays and specialized racks and shelves with relevant point-of-sale advertisements.

Most Black and Hispanic smokers also tend to purchase cigarettes by the pack on a daily basis, rather than buying larger quantities at less frequent intervals. This difference suggests alternate merchandising tactics, such as maintaining higher pack inventories, using more pack displays and scheduling more frequent visits by company sales representatives.

Our consumer research shows definite differences in the product preferences and purchasing patters of various subgroups of smokers. Our experience has shown that tailoring our advertising and promotional efforts to specifically meet these consumer preferences gives us our best possible chance for success.

John T. Winebrenner is a senior vice president, marketing, for R.J. Reynolds Tobacco USA.

More than 25%	5.9%
Other	2.9%
No answer	8.8%

5. Do you employ a special agency to market to minorities?

Yes	44.1%
No	55.9%

6. Does your full-service agency have a special minority-marketing division?

Yes	17.6%
No	79.5%

7. Which do you feel is the most effective strategy to reach minority markets?

General creative in broad-based media	11.8%
Minority-specific creative in broad-based media	17.6%
Minority-specific creative in minority media	70.6%
General creative in minority media	8.8%

8. Which of the following do you generally find to be the best way to reach minorities? (Check all that apply.)

Newspapers	35.3%
Magazines	44.1%
Spot tv	47.1%
Network tv	17.6%
Cable tv	14.7%
Spot radio	41.2%
Network radio	2.9%
Direct marketing	20.6%
Other	17.6%

ECONOMIC EYE

SPORTS COVERAGE UP

Nielsen recently released figures that show total network tv sports coverage (in hours) was up in 1987. A total of 1,483 network hours of sports programing appeared last year. While the majority of coverage was devoted to football (28%), total football hours actually declined from 444 hours in '86 to 421 hours in '87.

MAGAZINE AD SCORECARD	Ad Pages Aug. 1988	% change from Aug. 1987	Dollars spent (000)	% change from July 1987
1. Skin Care, Creams, Lotions and Oils	109.46	−11.1%	$ 3,949.9	−0.6%
2. Lip and Eye Beauty Products	136.17	+61.5	5,756.8	+81.5
3. Scents and Fragrances	133.75	+29.3	3,202.1	+3.3
4. Facial Makeup Products	68.32	+30.6	304.7	+47.6
5. Prepared Dinners and Entrees (including Pizza)	10.75	−61.3	782.2	−57.8
6. Liquor	242.62	−5.0	11,479.7	+10.1
7. Cigarettes	539.75	−13.4	30,062.9	−8.2
8. Soaps and Detergents	32.81	−49.1	1,564.0	−57.9
9. Passenger Cars, Domestic	205.32	−15.8	12,127.4	−.6
10. Passenger Cars, Imported	366.33	−13.3	20,187.3	+29.1

Source: Publishers Information Bureau as prepared by Leading National Advertisers

MEDIA COST INDEX

1985 = 100 ← 1987 → ← 1988 →

	Nov.	% change	Dec.	% change	Jan.	% change	Feb.	% change	March	% change	April	% change	May	% change	June	% change
Network TV																
Daytime	91	−8	82	−4	92	0	80	−7	82	−7	78	−15	76	−18	73	−22
Nighttime	115	+8	111	+2	112	+5	148	+41	113	+13	99	−0	110	−0	122	+8
Spot TV																
Prime time	123	+6	123	+6	128	−1	130	−2	115	−12	125	−9	126	−8	125	−4
Daytime	113	+2	105	±0	123	−5	108	±0	98	−9	95	−18	103	−13	93	−10
Network radio	112	+6	106	+6	147	+6	129	−7	121	−4	116	+0	116	+2	116	+2
Spot radio	112	+9					106	+3			–	–	101	+3	–	–
Consumer magazines	111	+4	113	+5	114	+5	115	+5	115	+4	115	+5	115	+5	115	+5
Natl. Sunday mags	106	+12	106	+12	117	+13	116	+13	116	+13	116	+13	116	+13	116	+13
Business publications	113	+5	113	+5	117	+5	117	+5	117	+5	117	+5	117	+5	117	+5
Newspapers	115	+6	116	+7	124	+7	124	+7	124*	+7	124	+7	124	+7	124	+7
Outdoor	118	+12	118	+12	123	+11	123	+11	123	+11	123	+8	123	+8	123	+8

Notes: Percentage shown is relative change from the same month/period the year before.

*Revised

Sources:

Nighttime Network TV—Cost per average 30-second spot, 7:30-11 p.m. Monday-Saturday and 7-11 p.m. Sunday from Broadcast Advertisers Reports' (BAR) Network TV Service.

Daytime Network TV—Cost per average 30-second spot, 10 a.m.-4:30 p.m. Monday-Friday from BAR's Network TV Service.

Network Radio—Cost per average 30-second radio announcement from BAR's Network Radio Service.

Consumer Magazines estimate based on reported SRDS cost of a page, four-color in 40 national consumer magazines, as reported by Magazine Publishers Assn.

National Sunday Mags estimate based on published (rate cards) costs of a page, four-color in the national entries.

Daily Newspapers estimate based on Newspaper Advertising Bureau report of SRDS costs per column inch of a sample of 784 newspapers weighted to represent the universe.

Outdoor Posters based on estimate prepared by Institute of Outdoor Advertising.

Spot Radio index represents cost of a 60-second spot in the top 100 markets from data supplied to Radio Expenditure Reports by major radio representatives.

Business Publications estimate based on reported SRDS cost of a page, four-color in 48 publications representing 42 business and professional classifications.